



OFFICE OF ILLINOIS STATE TREASURER

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Treasurer's College Savings Plan Tops 400,000 **Frerichs: Path to Success Begins with 529 Plan**

SPRINGFIELD – Illinois reached a milestone in July when the 400,000th college savings plan account was opened through the Illinois Treasurer's Office, Illinois Treasurer Michael Frerichs said today.

Because educational attainment is the best predictor of employability, saving for college should begin early. A college savings account can be opened through the Treasurer's Office for as little as \$25.

It also is important that the child knows that they have a college savings account. A Washington University in St. Louis study concluded that a child is up to seven times more likely to attend college if they know there is a college plan in their name.

"Opening a college savings account is an important first step on the path to success," Frerichs said. "For less than the cost of a tank of gas or a couple of pizzas, anyone can open a college savings account and set the expectation that the child will graduate college."

The milestone places the Illinois College Savings Plans among the six largest in the country. Only Virginia, New York, Nevada, Ohio and New Hampshire accumulated more open accounts.

A Bright Start or Bright Directions college savings account can be opened at www.illinoistreasurer.gov. Participants can choose investment options or seek guidance from a financial advisor. Age-based options where the underlying investments become more conservative as the beneficiary gets closer to college-age also are available. Savings can be used at any qualified institution nationwide, including certain technical and vocational schools.

"Anyone can open an account, not just a parent or relative," Frerichs said. "We need to instill in our children that a parent's educational success can be a floor, not a ceiling."

A college degree or technical school certificate tells employers that the individual has critical thinking skills, can learn and is reliable. This is important because employers demand an agile, trainable workforce to respond to changing market conditions.

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These tax-advantaged college savings accounts are called 529 plans because they are named after Section 529 of the Internal Revenue Code. They are different than pre-paid tuition plans.

Money in a 529 college savings account can be used at eligible educational institutions, including public and private, two-year, four-year colleges and universities and certain technical and vocational schools.

In Illinois, 7 of 10 seniors graduated with student-loan debt. The average balance was \$28,500.

About the Illinois Treasurer

The Illinois Treasurer is the state's Chief Investment Officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secured retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. Currently, the portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of principal and returns \$28 to the state for every \$1 spent in operations. The Treasurer's office predates Illinois' incorporation in 1818. Voters in 1848 chose to make it an elected office.

About Illinois College Savings Plans:

Bright Start College Savings and Bright Directions College Savings are Section 529 qualified tuition programs created by the state of Illinois and administered by State Treasurer Michael Frerichs. Earnings on each college savings account grow tax-deferred and are tax free when used to pay for qualified higher education expenses. Illinois residents may deduct up to \$10,000 per tax return (\$20,000 for a married couple filing jointly) for contributions into the Illinois College Savings Plans.

Read the Program Descriptions for Bright Start or Bright Directions for more information and consider all investment objectives, risks, charges, and expenses before investing.

Investments in Bright Start and Bright Directions are not guaranteed by the Illinois Treasurer, the State of Illinois or any other state or federal agency. Your investment could lose value.

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